

Drawings:

Replace Figure 1 with the following drawing that has been modified in the following ways.

a. Step 3 has been modified as follows:

Buyer and seller agree on ~~the methodology for calculating the option's value at contract inception, at each important point between inception and expiration, and at expiration a methodology that uses an option pricing model to determine the value of the option.~~

b. Step 4 has been modified as follows:

Buyer ~~pays seller an option premium as specified under the contract and the parties exchange value over the life of the contract as specified and seller agree on the amount of the premium that will be paid for the option.~~

c. Step 5 has been added as follows:

Buyer pays seller the option premium and the parties exchange value over the life of the contract as specified.